

Submitted via Aluminum232@bis.doc.gov

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Brad Botwin
Director, Industrial Studies, Office of Technology Evaluation
Bureau of Industry and Security
U.S. Department of Commerce
1401 Constitution Avenue NW, Room 1093
Washington, DC 20230

Subject: Oil & Natural Gas Industry Response to Request for Public Comments on Section 232 National Security Investigation of Imports of Aluminum

Dear Mr. Botwin:

The American Petroleum Institute (API), American Exploration and Production Council (AXPC), Independent Petroleum Association of America (IPAA), International Association of Geophysical Contractors (IAGC), Society of Independent Gasoline Marketers of America (SIGMA), US Oil & Gas Association (USOGA) and Western Energy Alliance welcome the opportunity to respond to the Request for Comments on Section 232 National Security Investigation of Imports of Aluminum. Together, the signatory trade associations (hereafter, “the Associations”) represent the majority of the oil and natural gas industry in the United States, across exploration and production (the “upstream”), transportation (the “midstream”) and manufacturing/refining (the “downstream”).

The Associations acknowledge the underlying objective for the nation to assess whether US imports of aluminum impair national security, per Section 232 of the Trade Expansion Act of 1962, as amended (hereafter referred to as “Section 232”). As the Associations articulated in our [comments on Section 232 National Security Investigation of Imports of Steel](#), we urge the Department of Commerce to define “national security” narrowly.

Reviews of “national security” under Section 232 investigations are done with the consideration of the eight specific factors listed in [15 CFR § 705.4](#). The Associations caution the Department of Commerce to strictly limit its reliance on any “relevant” factor, which could dilute the strength – and legal defensibility – of the Department of Commerce’s analysis, and divert it from its core assessments related to national defense.

As the Department of Commerce determined in its 2001 report [The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security](#)¹, the Department of Commerce ensured that it accounts for the needs of certain critical industries for a product. Such a definition of national security is consistent with the statutory scope of Section 232 of the Trade Expansion Act of 1962, as amended, and with 15 CFR § 705.4.

The Associations urge that any recommendations for additional action prompted by this Section 232 investigation, if warranted according to a narrow definition of harm to “national security,” be targeted to address specific actions by specific foreign governments with respect to specific aluminum products that are not already addressed by existing US trade remedies. The Associations also urge that the Department of Commerce consider the potential negative effects of US tariffs, quotas or other measures that would raise the cost of aluminum inputs for the oil

¹ See US Department of Commerce Bureau of Export Administration. October 2001. [The Effect of Imports of Iron Ore and Semi-Finished Steel on the National Security](#).

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and natural gas industry, which may impact affordable energy for consumers, including the US government and US military. In addition to the direct effects of potential US policies such as tariffs or quotas, US actions may also invite retaliation by trade partners and/or challenges at the WTO that could have the similar negative effects on affordable energy. The Associations believe that any policy recommendations to address the findings of this Section 232 investigation should be narrowly tailored to the proper findings of this Section 232 investigation and avoid broad applications which sweep in all imported aluminum products from all countries.

In summary, the Associations urge the Department of Commerce to use the following criteria to determine the appropriate policy recommendations to address the findings of this Section 232 investigation of aluminum imports:

1. When determining harm to national security, employ a narrow definition of “national security” that conforms with 15 CFR § 705.4 and that does not include aluminum supply to the US oil and natural gas industry.
2. Consider the extent of existing trade remedies already in place to address the unfair aluminum trade practices of US trade partners and only put forward new actions that are targeted precisely and narrowly to any previously unaddressed underlying causes of distortions in the global market for aluminum.
3. Consider the ways in which new US tariffs, quotas or other measures could have a potential negative effect on US energy security beyond their initial and direct effects on aluminum, such as how they may increase costs for oil and natural gas industry by being passed through the chain of distribution, and how they could potentially affect affordable energy for consumers, including the US government.

In addition, the Associations also urge the Administration to continue to focus on any US regulatory or tax policies that currently present barriers to US companies developing steel, pipe, and equipment production capacity and competing for oil and natural gas industry projects.

Sincerely,



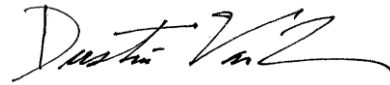
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About the Signatory Trade Associations



AMERICAN PETROLEUM INSTITUTE

The American Petroleum Institute (API) is the only national trade association that represents all aspects of America's oil and natural gas industry. Our more than 625 corporate members, from the largest major oil company to the smallest of independents, come from all segments of the industry. They are producers, refiners, suppliers, marketers, pipeline operators and marine transporters, as well as service and supply companies that support all segments of the industry.



IPAA represents the companies that drill 90 percent of the nation's oil and natural gas wells. These companies produce 82 percent of American natural gas and 68 percent of American oil. IPAA members represent the full range of producers, from small family-owned businesses, to the large independent companies that are some of the largest domestic natural gas producers.



AXPC is a national trade association representing 33 of America's largest and most active independent natural gas and crude oil exploration and production companies, each with considerable experience drilling, operating, and producing oil and natural gas on federal lands. AXPC members are "independent" in that their operations are limited to exploration for and production of oil and natural gas. Moreover, its members operate autonomously, unlike their fully integrated counterparts, which operate in additional segments of the energy business, such as downstream refining and marketing. AXPC members are leaders in developing and applying innovative and advanced technologies necessary to explore for and produce oil and natural gas, both offshore and onshore, from non-conventional sources.



The International Association of Geophysical Contractors is the global trade association representing all segments of the geophysical industry, essential to discovering and delivering the world's energy resources. We are the global leader in geophysical technical and operational expertise for both land and marine operations. The IAGC works vigorously on behalf of the membership on issues of common interest and industry-wide topics and initiatives that support the continued vitality of the geophysical industry. Through advocacy, outreach and development of industry guidelines, the IAGC focuses on issues that affect the core businesses of the geophysical industry: data acquisition, data processing and data ownership. For more than 45 years, IAGC has been the global voice of the geophysical industry and is the only trade organization solely dedicated to the industry.

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Founded in 1958 as the Society of Independent Gasoline Marketers of America (SIGMA), SIGMA has become a fixture in the motor fuel marketing industry. After more than fifty years of leadership, SIGMA is the national trade association representing the most successful, progressive, and innovative fuel marketers and chain retailers in the United States and Canada. From the outset, the association has served to further the interests of both the branded and unbranded segment of the industry while providing information and services to members. SIGMA's approximately 260 corporate members command nearly 50 percent of the petroleum retail market, selling approximately 80 billion gallons of motor fuel each year. These member companies operate throughout the United States and Canada.



The US Oil & Gas Association (originally the Mid-Continent Oil & Gas Association) was founded in October 1917 in Tulsa, Oklahoma, following the United States' entry into World War I. A principal purpose of the Association's foundation was to provide essential supplies of petroleum and petroleum product to the allied forces, helping the Allies, "...to float to victory upon a wave of oil." The US Oil & Gas Association's contribution to that success helped establish it as an Association in which individuals working cooperatively could resolve mutual problems and achieve great results. For more than nine decades, in good times and bad, the Association has been a strong advocate for the individuals who built and sustain the U. S. petroleum industry. The Association's long history is one of distinguished service to the petroleum industry and to our country's economic and strategic stability. It is recognized today as "...a proven and respected advocate for producers of domestic oil and gas."



Western Energy Alliance, founded in 1974 as the Independent Petroleum Association of Mountain States (IPAMS), is a nonprofit trade association representing more than 300 companies, headquartered in 25 states in the U.S. and two Canadian provinces, engaged in all aspects of environmentally responsible exploration and production (E&P) of oil and natural gas in the West.